

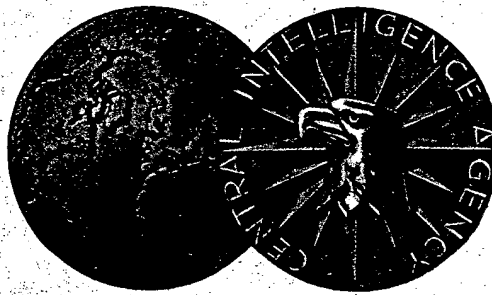
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# WEEKLY SUMMARY



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CENTRAL INTELLIGENCE AGENCY

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## EASTERN EUROPE

### SOVIET UNION

**Austrian Treaty** Soviet willingness to resume four-power discussions on the Austrian peace treaty may be accompanied by a more conciliatory attitude in an attempt to achieve an early settlement. Prospects have improved for a Soviet compromise on the major points of disagreement which were not resolved during the last conference. The USSR may ostensibly champion the Yugoslav people by initially supporting Yugoslav territorial claims, in order to strengthen the Soviet bargaining position with the West. Because of the Tito-Stalin rift, however, it is unlikely that the USSR will wish to break off negotiations over this issue. Moreover, the Kremlin may now consider that: (1) a rehabilitated Austria could serve as a bridge over which needed western materials and machinery could flow to the USSR; and (2) despite the calculated risk of quadripartite withdrawal, an "unoccupied" Austria may be more susceptible to Communist infiltration. These considerations may impel the USSR to adopt a more reasonable approach to the thorny question of external German assets in regard to both the lump sum to be paid by Austria to the USSR for restoration of German external assets and the amount and type of properties to be turned over to the USSR. The achievement of a reasonable compromise would also strengthen Soviet propaganda claims that the USSR is leading the world effort to further peace. Consequently, as long as the Kremlin considers it possible to reach an Austrian settlement, the USSR is unlikely to initiate strong measures which would disrupt the present quadripartite administration.

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